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C O R R E C T E D C O P Y TEXT, SUMMARY PARA

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SUBJECT: JORDAN'S EXPANDING MOBILE TELEPHONY SERVICES PROVIDE
HIGH-QUALITY SERVICE AT STEADILY DROPPING PRICES

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¶1. (U) Summary: In a country with just 5.6 million people, Jordan has over 4 million mobile phone subscribers. Four companies provide mobile service - 3 GSM providers and 1 push-to-talk/iDEN provider. The two largest providers just underwent large rebranding efforts (from "Fastlink" to "Zain" and from "MobileCom" to "Orange") as their parent companies develop international brands. As cellular companies have entered the Jordan market, consumer prices have fallen and high-quality mobile phone service has become one of Jordan's greatest telecom assets. End Summary.

Mobiles Integrated with Everyday Life

¶2. (U) In 1999, Jordan had only one mobile provider: Fastlink with 95,000 customers. By September 2006, Jordan had 4.3 million mobile subscribers using four companies - Fastlink with a 55 percent market share, MobileCom with 28 percent, Umniah with 14 percent, and Xpress with two percent of the market. Jordan Telecom Group (JTG), Jordan's primary telecommunications provider, predicts that the country will have 5 million mobile customers by the end of 2007. While 5 million represents nearly 90 percent of Jordan's population, cell phone penetration is currently estimated at 48% because of expatriates and customers owning multiple phones. The Arab Advisors Group (AAG), a research company that studies the telecommunications industry, estimates that 64 percent of mobile customers in Jordan have more than one mobile phone.

¶3. (U) Abed Shamlawi, Director of the IT company Y Consult, said that he has two phones because of the high cost of calls between service providers, an argument cited by 58 percent of mobile customers who use two or more phones. Shamlawi said he calls Fastlink numbers with his Fastlink phone and MobileCom users from his MobileCom number. In Jordan, the service providers have unique phone numbers (i.e. all Fastlink numbers begin with 079) which has been a barrier to a national policy for phone number portability according to Shamlawi. The absence of such portability lessens competition because customers are unwilling to give up their phone numbers in order to take advantage of better offers.

What's In a Name: Two Rebrandings to Orange and Zain

¶4. (U) Billboards, media and newspapers advertisements in Jordan are currently full of two rebrandings - from Fastlink to Zain and from MobileCom/Jordan Telecom to Orange. On September 8, Fastlink changed to the new brand "Zain" after the parent company Kuwait-based Mobile Telecommunication Company (MTC) adopted "Zain" as its international trademark. CEO Saad Nasser noted at the press

conference that the new trademark will not have any affect on the services provided by Fastlink. He said that work is also underway to activate what he referred to as "One Network" amongst all companies carrying the "Zain" brand. The rebranding occurred simultaneously in Kuwait, Bahrain, Sudan, and Jordan. This network is expected to reduce the cost of calls within the MTC region which serves 32 million customers in 21 countries. Additionally, during a recent spectrum auction held in Amman, MTC was successful in its bid for a 15-year nationwide license in Iraq.

15. (U) In July 2007, JTG launched Jordan's largest ever rebranding campaign. France Telecom's Orange brand has now been extended to Jordan Telecom's Internet, fixed line, and most recently its mobile services. This rebranding unites Jordan with the other countries offering Orange products. Since 2000, France Telecom has purchased 51 percent of Jordan Telecom and invested more than \$490 million in infrastructure improvements. Worldwide, France Telecom serves 163 million customers, two-thirds of whom are under the Orange brand.

Two Other Players: XPress and Umniah

16. (U) Xpress provides a differentiated product in Jordan by offering Motorola's push-to-talk (walkie-talkie) system, primarily to business customers. In 2004, XPress Telecommunications received a \$54 million loan guarantee from the U.S. Export-Import Bank to finance construction of the radio dispatch network using Motorola's integrated digital enhanced network (iDEN) technology. NOTE: The three other Jordanian providers are GSM operators. XPress wants to expand into the GSM market, and is hopeful the GOJ will advance implementation of a decision permitting all telecommunication providers to offer GSM service. END NOTE.

17. (U) Umniah, Jordan's newest mobile provider, is a subsidiary of Batelco Bahrain. When a fourth mobile operator in Jordan was proposed in 2004, it was questioned whether a small, lower-middle-income country could support four providers. Since beginning operations, Umniah has focused on younger, lower-income customers; offered pre-paid services; and has forced existing operators to cut prices. Within its first six months, Umniah had captured 10 percent market share and average per minute usage costs

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fell 30-35 percent. In keeping with its creative marketing approach, on September 5, Umniah signed a distribution agreement with Jordan Post to sell Umniah services in 100 post offices. Umniah bought its license for \$5.7 million and invested \$100 million in its first phase. In 2006, when Batelco bought 96% of Umniah and its license for \$415 million from a private company, members of parliament criticized the low, original license cost.

18. (U) In August, AAG rated Jordan the most competitive cellular market among 19 Arab countries studied. In addition to hosting four fully licensed operators, Jordan has a high number of pre-paid plans. In a discussion with several IT managers from Arab Bank, all agreed that increased competition has dramatically lowered prices and increased service quality. Given the low fixed-line penetration and low broadband adoption, cell phones and text messaging have become primary communication tools in Jordan.

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